



## City of Kingston

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### MEMORANDUM

TO: Honorable James L. Noble, President Common Council, Council members

FROM: James M. Sottile *JMS*

DATE: October 13, 2009

RE: 2010 Budget

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Attached please find the proposed 2010 budget for the City of Kingston. The purpose of this communication is to highlight the significant changes that have been included in this document.

During the past year, I have been proactive in taking steps to reduce costs in response to the challenging national and local economic conditions that the City must face. Measures taken include non-personnel initiatives such as obtaining a new supplier for our gas and electricity needs as well as personnel related initiatives such as the early retirement incentive program that the City offered on two separate occasions. The retirement incentive programs offered in 2009, coupled with a restructuring of our DPW and Recreation Departments, resulted in a net staff reduction of 23 positions in the following areas: 6 Fire, 3 Police, 9 DPW, 2 Citibus, 2 Recreation, and 1 City Hall.

As I prepared the budget for 2010, it became very apparent that the retirement incentive programs would not be enough and that additional cuts would have to be made. The City had received notice of significant expenditure increases in the areas of health insurance and retirement system contributions, while facing large decreases in several of our key revenue accounts, most notably sales tax. It also became clear that personnel related reductions, as difficult a decision that it is, would ultimately be necessary. Personnel costs, including salaries and benefits, represent approximately 75% of the City's budgeted expenditures on an annual basis.

The 2010 proposed budget includes the elimination of a total of 30 positions, of which 2 are currently not filled. In addition, 4 positions are reduced to part time status. The breakdown is as follows:

City Hall: 1 position eliminated plus 2 positions reduced to part time.  
DPW: 17 positions eliminated including 2 currently unfilled.  
Recreation: 3 positions eliminated.  
Building Safety Division: 2 positions reduced to Part time.  
Police: 9 positions eliminated.



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In the 2010 budget, I have included the amortization of a portion of the increased contribution to the state retirement system that would be allowable under NYS Assembly Bill A08899 if it is passed. The proposed budget also includes for bonding the following: 1) cash incentives and accrued time buyouts related to the early retirement incentive programs, and 2) payments of accrued time for eliminated positions. I have contacted our local assemblyman and senator and requested that they each carry legislation that would allow the City to bond for these costs. Communities such as Nassau and Rockland Counties have recently requested and received such legislation. I respectfully urge your honorable body to make every effort to support these initiatives as their passage will spare further cuts from being necessary. I have attached copies of the correspondence for your review.

I have not appropriated fund balance as the City projects its unreserved, unappropriated general fund balance to be less than 5% of budgeted expenditures at the end of 2009, which is the minimum level recommended by the NYS Government Finance Officer's Association.

I have also attached for your consideration and approval a memorandum of agreement that has been agreed to by the members of the Kingston Professional Firefighters Association. As I mentioned at the beginning of the budget process, I would make everyone aware of the difficult time we are facing, including all three of our labor unions. I am happy to report to you that as a result of intensive negotiations and the willingness of the members of the KPFFA, concessions have been agreed to by the membership of the KPFFA, therefore avoiding any layoffs within their unit. I would urge passage of this document.

Revenues, net of property taxes, have been impacted significantly by the economy and, as such, I have responsibly reduced the City's budget in this area from \$20,660,079 in 2009 to \$19,691,125 in 2010. Despite rising benefit costs, I have been able to significantly reduce total expenditures in the 2010 budget. The budget for 2010 includes total spending of \$34,520,715, a reduction of \$1,267,593 from the 2009 budget. To accomplish this, salaries and wages in the 2010 budget have been reduced by \$2,152,656 or 12.8% from 2009 levels.

The net result is a 2010 budget with a 3.49% increase in the amount of property tax allocated to homestead properties and a 7.36% decrease in the amount of property tax allocated to non-homestead properties. When declines in assessed value are taken into account, the actual established tax rates are \$6.18 per thousand for homestead and \$12.36 per thousand for non-homestead. The sewer rate is \$4.69 per unit.

The capital budget for 2010 is as follows:

General Fund

5 Police Vehicles	\$137,000
City Hall H.V.A.C. Upgrades	\$105,000
Central Fire Station Roof	\$140,000
DPW Blower Attachment for Loader	\$ 35,000
DPW Roofs – Dispatch and E. O'Reilly St	\$ 75,000



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Sewer Fund

Sewer Camera	\$ 88,000
Multipurpose Wastewater Pump	\$ 68,000
Portable Light Tower	\$ 11,000

As I have stated over the last few years, there is no easy solution or quick fix to our troubled financial condition. This decision to cut personnel is not a decision made easily but responsibly for the future of our community. We can no longer take a business as usual attitude. As you review the budget, you will see that the revenues listed represent the realities of the times. It serves no good purpose to artificially inflate income and under estimate expenses. I trust that your honorable body will review the proposed 2010 budget and suggest only the most responsible of changes as the groundwork that is laid now will determine our future.